

# Records tumble for Codan

CAMERON ENGLAND

CODAN has delivered the highest first-half profit in the history of the company in a performance described as "outstanding".

The Adelaide technology manufacturer, now valued at about \$1.5 billion, said net profit was \$30.4 million, up 37 per cent, on revenues of \$171 million, up from \$128.4 million.

The company's metal detector and communications divisions both had record first halves, with the performance of the Minelab division described as "exceptional" by chief executive Donald McGurk, pictured.

Sales in the metal detector division jumped 22 per cent to \$100 million, with continuing strength of sales into the artisanal gold mining markets contributing to the result.

"Traditionally, Minelab has had stronger sales in the second half, as cooler weather in key markets typically results in higher demand for gold detectors," the company said.

"However, given the strength of gold detector sales in the first half of FY20, it is too early to determine if our traditional second-half weighting of sales will occur this year."

The communications division, which designs and manufactures radio equipment for use by customers such as the military and peacekeeping sectors, boosted sales 65 per cent to \$67 million.

"This growth is largely attributable to two major contracts delivered by Tactical Communications and several systems contracts delivered in Land Mobile Radio," the company told the ASX.

"We continue to see strong interest in our expanded tactical military offering, with a 135 per cent increase in sales over the same period last year. Our strategy to penetrate the global military sector is showing results, and management is confident that this strategy to grow our addressable market will be successful."

The Minetec division, which provides high-precision tracking and safety solutions for underground mines, has an exclusive global licensing agreement with Caterpillar, and while momentum had been slower than expected, Codan said it was working with its partner company to gain market traction.

The Codan board said it was not in a position to give full year profit guidance at this point, but "we will continue to keep shareholders updated as the year progresses."

Codan declared a fullyfranked half-year dividend of 7.5c per share, up from 4c last year. The stock fell more than 6 per cent on the news to close at \$7.93. Codan shares have more than doubled from around \$3 this time last year.